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# MINIMUM WAGE

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## HEARING BEFORE THE COMMITTEE ON RULES HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS  
SECOND SESSION

ON

### H.R. 13712

A BILL TO AMEND THE FAIR LABOR STANDARDS ACT OF 1938  
TO EXTEND ITS PROTECTION TO ADDITIONAL EMPLOYEES,  
TO RAISE THE MINIMUM WAGE, AND FOR OTHER PURPOSES

#### PART III

APRIL 26, 1966

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HOUSE OF REPRESENTATIVES  
EIGHTY-NINTH CONGRESS  
SECOND SESSION

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**TO AMEND THE FAIR LABOR STANDARDS ACT OF 1938,  
TO EXTEND ITS PROTECTION TO ADDITIONAL EM-  
PLOYEES, TO RAISE THE MINIMUM WAGE, AND FOR  
OTHER PURPOSES**

TUESDAY, APRIL 26, 1966

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON RULES,  
*Washington, D.C.*

The committee met, pursuant to notice, at 10:45 a.m., in room H-313, the Capitol, Hon. Howard W. Smith (chairman) presiding.

Present: Representatives Smith, Madden, Trimble, Bolling, O'Neill, Martin of Nebraska, Quillen, Latta, and Pepper.

Also present: Laurie C. Battle, counsel; Mary Spencer Forrest, assistant counsel; and Robert D. Hynes, Jr., minority counsel.

The CHAIRMAN. The committee will be in order.

We will proceed with the hearings on H.R. 13712, the Fair Labor Standards Act.

Mr. Bell, we will be glad to hear from you.

**STATEMENT OF HON. ALPHONZO BELL, A MEMBER OF CONGRESS  
FROM THE 28TH DISTRICT OF CALIFORNIA**

Mr. BELL. Mr. Chairman and members of the Rules Committee, I have a short statement here to read and then I will be glad to try to answer any questions that I can.

Mr. Chairman, last year, when amendments to the Fair Labor Standards Act were considered by the Education and Labor Committee, I had a number of reservations concerning several provisions.

My position was reflected in the separate views of last year's committee report which stated in part:

Unquestionably the basic objectives of the Fair Labor Standards Amendments of 1965 are valid.

We support an increase in the minimum wage and an extension of the protections in the Fair Labor Standards Act to include a number of presently exempted industries and employees.

We recognize the critical relationship of the act's guarantees with our efforts to insure each worker an opportunity to earn a decent living.

It is with these premises in mind that we express concern about the implications inherent in certain of the provisions of H.R. 10518 as reported by the committee.

The objections I had at that time to some provisions of H.R. 10518 have been substantially overcome by the changes adopted by the present amendments in H.R. 13712.

Briefly let me summarize H.R. 13712:

First, it extends the protections of the act to about 7,243,000 workers engaged in one way or another with interstate commerce.

Second, it provides an increase of the minimum wage to \$1.40 an hour in February 1967, and to \$1.60 an hour in February 1968 for workers who are presently covered by the act.

For those who will be covered for the first time, the hourly minimum wage will move from \$1 in February 1967, to \$1.15 in February 1968, to \$1.30 in February 1969, to \$1.45 in February 1970, and finally to \$1.60 in February 1971.

Agricultural workers would receive an hourly minimum wage of \$1 in February 1967, \$1.15 in February 1968, and in 1969 \$1.30.

I am convinced that by lowering the hourly minimum from \$1.75 to \$1.60 for workers presently covered by the act, H.R. 13712 takes a more reasonable approach than last year's bill.

In fact, I made an unsuccessful attempt in committee last year to amend H.R. 10518 to provide the \$1.60 per hour minimum now a part of H.R. 13712.

Another difficulty in the 1965 amendments was that the exemption for small logging operations was eliminated entirely.

H.R. 13712 now provides for overtime and minimum wage exemption for logging crew of eight or fewer men.

Recognizing the administrative difficulty in applying the act's regulations to the unique working conditions of these small operations, I feel the eight-man exemption is an equitable compromise.

The coverage of tipped employees posed a great deal in difficulty for the committee.

However, in providing overtime exemption for restaurants, hotels, and motels the committee recognized the unusual working conditions in the industry while at the same time insuring a minimum wage for employees.

Mr. Chairman, some concern has been expressed about the implications of section 305 of H.R. 13712.

As it now reads it would provide that all employees of an employer who has a Government contract would receive a minimum wage rate at the highest level under section 6(a) (1).

This would mean that employees not otherwise covered by the act must be paid at the \$1.40 and the \$1.60 rate if the employer had even a single Government contract.

It is my understanding that an amendment will be proposed on the floor to provide that employers who have Government contracts must pay their employees who are not otherwise covered by the act a minimum wage as provided in section 6(b) of the act; that is, at the escalated scale starting at \$1 per hour in 1967 up to the \$1.60 level in 1971.

Extension and strengthening the Fair Labor Standards Act hold promise for great progress in raising the economic well-being of millions of Americans.

However, this can only be realized with accurate care and measured change in keeping with the act's policy of eliminating "conditions detrimental to the maintenance of the minimum standard of living" without substantially curtailing employment or earning power.

I might point out that the need met by these amendments has long been recognized by Republican leaders.

Each year from 1954 through 1959, President Eisenhower requested Congress to extend the fair labor standards.

In 1956 he stated that—

The need for the extension of coverage remains, and the Congress is again requested to proceed as far as is practical in this direction.

Mr. Chairman, I therefore urge bipartisan support of H. R. 13712.

Now, Mr. Chairman, that concludes my statement. However, I would like to make one other point.

As you know, I appeared before this committee some months ago, twice, as a matter of fact, on the Poverty Act. I was opposed to this method of helping and battling poverty and some of the views I have expressed and others have expressed seem to be true, as that program has progressed. I think the Federal Government moving in, bypassing local organizations and throwing money into the poverty programs is not showing itself to be the right way to solve the poverty program. But I do believe that adequate coverage of minimum wage, is a way of battling poverty.

When you stop to realize that a large percentage of those that have jobs today are still living under poverty, one of the best ways to fight this battle is through the means of the free enterprise system. Let the free enterprise system take a part in battling the poverty program.

I want at this time to point out something. There is a significant—on page 10 of the report—correlation between poverty earnings and the exclusion from the protection provisions of the act. In industries where there is little or no coverage the proportions jump to 33 and 49 percent, respectively. Forty percent of all children living in poverty are in families where there were workers who had a full-time job throughout the year.

That expresses some of the views that I have relative to this thing. I think that this is the right method to accomplish the end we wish to accomplish and eradicate poverty from the land. I think this is one of the necessary steps along with our education programs and so on. I think this is making free enterprise play a large part in this.

That conclude my statement, Mr. Chairman.

The CHAIRMAN. Mr. Bell, this minimum wage law is something that we do not seem to ever get through with. Every couple of years we have another minimum wage bill that enlarges the coverage or increases the wage rates or something.

I sometimes wonder—it is a well-known fact at this particular time that the question is not wages, and it is not hours, so much as it is apparently a pretty stringent labor shortage. For instance, well, the Washington Post—I read it every morning to see what the liberal trends are and keep up with the times. I look at the want ads and there were four and a fraction pages, full pages, little short want ads—men—help wanted—help wanted, men. I do not know why they are discriminating against the ladies, because the law specifically prohibits that and prohibits you from advertising. But that is the way it was. That is just incidental.

With all of this shortage of labor—and I have seen where, in many instances, particularly in the building industries in this metropolitan area right here, some people have had to suspend operations because they could not get the help.

Now, why are you not worrying about these things when there is no question about the wages, no question about hours or advertisements—why take up all the time of Congress to go through all this fuss for something that just at the moment is not material?

Mr. BELL. Mr. Chairman, may I ask you a question? Were those want ads for skilled or unskilled labor?

The CHAIRMAN. All kinds, from technicians down to—I remember seeing the heading for—what do they call it—the handyman. You go out now and try to get somebody to cut your lawn, for instance—all this relief and all these idle people—unemployment compensation and so forth.

Mr. BELL. Of course, the unemployment situation has improved in recent months. However, I think there are still some problems at the very low level of unskilled persons in many cases. It is difficult for people at the very lowest levels.

The CHAIRMAN. Tell us about this unemployment. Where does this unemployment exist? People have been advertising in the papers. In Sunday papers you will see a whole section of want ads. Now, where does the surplus in the unemployment exist? In what element?

Mr. BELL. Mr. Chairman, one place that is a problem that I know of, and in my close association in being near it, is in the Watts area. There is unemployment among these people.

The CHAIRMAN. The Watts area is a special problem?

Mr. BELL. They are the unskilled.

The CHAIRMAN. I hope you are not going to try to measure the whole country by Watts.

Mr. BELL. I am not at all. I am pointing out that perhaps there is not unemployment in your particular area but there may be in many other areas of the country. That is the essence of my point. I do not know about your particular area. If you tell me this in the situation—

The CHAIRMAN. The national statistics put unemployment at the lowest point it has ever been. Then why take up all this time of Congress now when you have other very vital problems, to do something that just is not necessary?

Let us say, for instance, take the restaurant industry. Now, you go in here and upset that whole apple cart by bringing the restaurant industry in, where you have to deal with the question of tips and you have to make some arbitrary provision relative to tips. Yet, in these very papers I am telling you about, you see reams of advertisements for restaurants that you desperately in need of help and cannot get it.

Minimum wage, minimum hours or whatever you want to say—it is just not available. Now, why go and disrupt that whole big industry in the country?

Mr. BELL. First of all, I must say that all the restaurants would not be affected by this. The small ones that have a gross of less than \$500,000 for the first 2 years and a gross of under \$250,000 for the next 2 years would not be involved. So you are talking about a fairly large restaurant.

In answer to your problem on unemployment that you first brought up, I must say that this is one of the reasons that I did not think the poverty program was as necessary as it was. However, I will say that I think that it is right that employers should pay a fair minimum wage.

The CHAIRMAN. Even those restaurants—the larger restaurants are advertising for help. I know people are around here. They just cannot get them.

Mr. BELL. I cannot give you any specific instances of why they cannot get them, but I would say that this does not really directly affect the minimum wage in this instance. This is going to be a problem.

The CHAIRMAN. I think we must all be aware of, and you admit that we do have a shortage of labor in most areas, and even those unregulated—such as handymen—you cannot get for the minimum wage. Now, I am serious about it—with all the very vital things that this Congress has to deal with in the next few months, and also have to deal with the minor incident of getting themselves reelected, you know, which calls them out of Washington quite frequently, and we have to sit around here usually 15 or 20 minutes to get a quorum of a committee because everybody is so busy—why use that valuable time for something that is not necessary at this time? If you could give me an answer to that. I think I know the answer. Because you are under certain pressures to do it.

Mr. BELL. Mr. Chairman, I think that the answer is that there are some areas in the country and some people who are not receiving a reasonable rate of pay.

The CHAIRMAN. I assume you would not have reported this bill unless you had statistics on the question. Have you any statistics that you can present?

Mr. BELL. Well, you can read the report and you will find some statistics in the report, Mr. Chairman, that cover this. Page 24 of the report will show you some facts relative to poverty and the need for a minimum wage. Table 8 shows you the estimated number of nonsupervisory workers brought under the coverage of the Fair Labor Standards Act. They presently earn less than \$1 an hour and estimated annual wage bill cost of increasing their minimum hourly rates to \$1 an hour. So I think it is pretty well stated in this report.

The CHAIRMAN. I may have some questions later on.

Mr. Smith?

Mr. SMITH. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Colmer?

Mr. COLMER. Nothing at present, Mr. Chairman.

The CHAIRMAN. Mr. Anderson?

Mr. ANDERSON. No questions.

The CHAIRMAN. Mr. Madden?

Mr. MADDEN. I see here in this table where it says February 1, 1967, rate, \$1 weekly wage \$40. Forty dollars a week?

Mr. BELL. Yes.

Mr. MADDEN. That would be under the proposed increases, would it not?

Mr. BELL. Yes. Proposed increase for those that have been uncovered up to now.

Mr. MADDEN. That would be \$2,000 a year.

Mr. BELL. That is right.

Mr. MADDEN. A man with a family would have a rather difficult time getting along on \$2,000 a year, would he, in days like this?

Mr. BELL. He certainly would. The poverty level, as I recall it, is set at \$3,000. In California it is as high as \$4,000. He is really living in poverty when he is receiving \$2,000 a year.

Mr. MADDEN. On February 1 of 1968 he would be increased up \$6 a week, which would be \$2,300 in 1968. In 1969 he would get \$52 a week, an increase of \$8 a week in 1969. That is 3 years from now.

Of course, if this prosperity keeps on going, that we are having now, possibly in 1969 \$52 a week would not be much to support a family and educate children.

Mr. BELL. It certainly would not. You are putting your finger right on the problem.

Mr. MADDEN. That amounts to \$2,600 a year. Now, nobody knows what is going to happen—you have got here February 1, 1971. That man with a family will be receiving \$64 a week.

Mr. BELL. Yes.

Mr. MADDEN. And that would be a total of \$3,200 a year.

Mr. BELL. That is right.

Mr. MADDEN. Maybe we are going to have this minimum wage back again if this prosperity that we are undergoing continues to go up.

Mr. BELL. This is quite a possibility.

Mr. MADDEN. I notice that the Secretary of the Treasury announced that we have a gross national product today of \$714 billion. Twenty years ago, according to the Treasury, 1946, we had a gross national product of \$202 billion. So we have gone up from \$202 billion, approximately, to \$714 billion in 20 years. I do not think that this legislation that your committee is submitting even begins to meet the problem that we are going to reach if we do not provide some kind of a living for millions of people that do not possess the education so that they have a craft. There are millions of these so-called handymen. You do not need to call them handymen—heads of families—that do not possess a craft. They are not carpenters; they are not electricians; they are not bricklayers; they are just working men and women and they have families. What are we going to do with these millions unless we have legislation like this? What is going to happen to them?

Mr. BELL. This is the very reason why I think this bill should be supported. I think in all fairness, Mr. Madden, that this is a compromise bill. This is actually a considerably softer bill as far as its impact is concerned than the Roosevelt bill was. You asked me what is going to happen. I do not know. But I do believe when you have people living under the conditions that you have just set out, something has to be done.

We had testimony before our committee indicating that there were some people making salaries of 30 cents an hour and 60 cents an hour, which is complete poverty.

Now, if enterprises and businesses are not going to do their share in trying to give a person a living minimum wage, it becomes necessary for legislation.

Mr. MADDEN. Well, I notice our distinguished chairman here was asking about when are we going to complete this legislation? Every year, or every so often, we have a new minimum wage bill coming in here. If the chairman's suggestion is practical—very few in this room probably remember it—the first time there were ever any hearings that I know of was way back in 1912 in Chicago when the Illinois Senate created a special committee to come into Chicago to make an investigation on sweatshops, when their people were working in sweatshops for 15 and 20 cents a day in those days, and whole families were working in some of these sweatshops in those days. It was revealed in the newspapers and in the testimony. Well, gradually over the years we have come out of that stage of the economy. Of course, those

were the days when there was only just a certain segment of our economy that enjoyed the abundance of this great land of ours and the big percentage of the population was to work for the benefit of these folks up in the high strata. But we have gradually come out of them and when I look at this increase here, in answer to the chairman's question, I think possibly you are going to find that maybe in a few years from now there may be—even if this bill is passed—another piece of legislation to try and provide a living wage for millions of families in this country because they cannot educate their children on this kind of income under conditions like we have now.

We hear so much talk about migration—the country has gone to the dogs—when 20 years ago this year our debt was \$270 billion and our income, our gross national product was \$202 billion. Our debt was \$50 billion more than our economy, 20 years ago this year, and the Treasury will reveal that and today our debt is approximately—gone up to \$270 billion to \$323 billion. Gone up \$50 billion, approximately. But our national economy has gone up over \$500 billion. So I do not think that legislation like this is anything to be alarmed at.

I want to commend your committee for bringing in this legislation and in order to prevent similar legislation coming in here in a few years I do not think you have gone far enough on some of this minimum wage. Because, after all, these children that cannot be educated on families getting \$46 a week—they probably will be State problems. We will probably have bigger relief rolls in the next 3, 4, 5, 6 years unless they can get an education.

Mr. BELL. In further response to the gentleman, I certainly think that it is a great deal better for us to try to improve the situation through the method of the free enterprise system, working in the private area. Do you not think this is a better way of doing it?

Mr. MADDEN. No question about that at all. Why legislation like this should be delayed—and anybody becoming alarmed that we are going to give a head of the family in 1970 \$58 a week—it is ridiculous. Maybe you have not gone far enough.

That is the end of my questions.

Mr. ANDERSON. You forgot the subject by the time you got to the predicate.

The CHAIRMAN. I was attracted by the predicate.

Mr. Martin?

Mr. MARTIN. Mr. Bell, you constantly referred to the fact that minimum wages as set forth in this bill, for instance, on newly covered employees at \$1 an hour, were below the poverty level. You constantly repeated that this bill is in the category of eliminating poverty.

Since when was the thrust of this bill and the title of this bill changed to antipoverty program?

Mr. BELL. I did not say that. The point that I think we are getting at here is that this does in effect accomplish some of this. Where you have, as I statistically quoted to you before, so many of the workers that are actually employed and yet are living on poverty wage—I think by raising this minimum wage we are moving in the direction of getting them out of poverty. I think this is necessary. To that extent you might say it is an antipoverty bill.

But I ask you, is not this a better way to approach the problem of poverty than through a method of throwing out a lot of money through such welfare programs and programs like the antipoverty program—is not it better to have this done through the means of raising wages to a living wage through the free enterprise system? Is not this a better route to accomplish this result than to go the other route?

Mr. MARTIN. The main thrust of your argument this morning has been that this is tied in with poverty and it is going to help eliminate poverty.

Mr. BELL. The gentleman is saying you are tying into poverty. It only ties into poverty by virtue of the fact that poverty is involved here because people are living on something that is less than a minimum wage. I mean it is less than a living wage. That causes poverty. And so only in that sense is it involved. The gentleman knows as well as I do that this is not listed as an antipoverty bill. There is only one antipoverty bill, but there are certainly a lot of other moneys that are going from the Federal Government and from other sources that are helping to fight poverty and I am just saying this is one of the methods of fighting poverty.

Mr. MARTIN. From your testimony this morning I thought we were talking about a poverty bill here.

Let me call attention to the act itself that was originally written in 1938 and it says:

An Act to provide for the establishment of fair labor standards in employment in and affecting the interstate commerce and for other purposes.

I think we have gotten a little bit far afield here in our discussion this morning.

Mr. BELL. If someone is living on a wage substantially below what is a livable minimum wage, to increase that minimum wage to a point where he can live, is that not to some extent raising him out of poverty?

Mr. MARTIN. Let us get to the amendments themselves.

On presently covered employees this is going to increase the minimum wage from \$1.25 to \$1.40 and then \$1.60. It is an increase the first year of 12 percent; second year, 14 percent.

On newly covered employees it starts at \$1 an hour and over a 4-year period, to February 1, 1971, \$1.60. Which, over approximately 4½ years is a 60-percent increase.

The President has set forth guidelines of 3.2-percent increases on new labor contracts, increases in the prices sellers can charge for products. What is your feeling in regard to violations of the President's guidelines here?

Mr. BELL. The 3.2 guidelines the President set is the average of the Nation, not for specific industries.

Certainly, the lowest worker in an industry that is covered by the minimum wage for the first time will get a 12-percent raise in wages. But when this averages out over the total level, the 3.2-percent guidelines are not violated.

Mr. MARTIN. We are talking about the average right here when we use these figures, 12 and 14 percent. It is the same thing you are talking about.

Mr. BELL. You will notice that page 23 of the committee report indicates that the overall wages will be raised five-tenths of 1 percent

at \$1.40 and 1.1 percent at \$1.60 level. There is only 12 percent of the work force not now receiving \$1.40, and 18 percent not receiving \$1.60 per hour, so I do not think that this violates the guidelines.

Mr. MARTIN. If that is such a small percentage, there is not much need for the legislation. I have figures right here on the average pay of farmworkers in the United States issued by the Department of Agriculture last week and it showed \$1.28 an hour which is above the minimum wage set for agricultural workers. Now, if these fellows are getting \$1.28, why do we have to have Federal legislation in this area? There is no need for it.

Mr. BELL. You know as well as I do that a lot of people are not involved in this minimum wage because they are already, as you pointed out, receiving more than the minimum wage. But there are some who are not receiving a minimum wage and you heard the testimony before our committee in which this was brought out.

I do not think there is any question about it, there are people throughout this country that are living in a state of poverty strictly because the management or the employers are not willing to pay a minimum wage.

Mr. MARTIN. This is not a poverty bill. You are getting confused with the poverty bill Congress enacted last year.

Mr. BELL. It involves poverty and I think that is the purpose of it to some extent.

Mr. MARTIN. We had a great deal of testimony that because of the inclusion of many new businesses in the country, and particularly small business, the number of jobs involved in these industries would be lessened. We had no one who proved that this would create more jobs and more employment in the United States. We had no one who so testified. I am greatly concerned about the fact that businesses are going to be affected and they are going to have an increase in the cost of operation and they may get along with fewer employees, either by automation in their work or some other means to make their operation more efficient and to reduce their operating expense.

Mr. BELL. You are saying in other words that this will affect unemployment.

Mr. MARTIN. I think that is true.

Mr. BELL. On page 27 of your report, it says:

The half-truth which has had the largest influence on the history of the Fair Labor Standards Act is that an increase in the minimum rate increase is unemployment. This is unquestionably right in terms of what would be the certain effect of an unreasonable and irresponsible raising of the statutory minimum.

I hold this is not an unreasonable, irresponsible rate. And it goes on—

Yet the record is that following the original establishment of the 40-cent hourly rate in 1938, after it was set at 25 cents in 1938, then 30 cents in 1939, 40 cents in 1944, to \$1 in 1956, employment in the United States always went up, and usually went up more in the lower paid occupations most directly affected by the statutory requirement than in other occupations. Conversely, the unemployment rate went down, despite substantial increases in the work force generally and among those in the lower paid occupations in particular. There is no evidence that this was because of the statutory change.

In other words, the facts that are laid out before you would indicate that it does the reverse of what you say, not what you said it did. I think that is the fact that we have to look at. There could be other

parts of the industry could be expanding for one reason or another at that particular time. But it always does seem to happen that way. It always does happen that it does not affect unemployment adversely. And so I think that is the answer to your question.

Mr. MARTIN. Well, I think that in itself is a half-truth in that it does not recognize the fact that the population of our country has been increasing by a good many millions over every 10-year period when the census has been taken and as a result of this increase in the population there has been a greater demand for goods to be manufactured, more demand for additional retail stores and services which naturally increase our total employment picture in relation to our total population. We must take that into account; what you read from the report does not take that into account.

Mr. BELL. Let me point out one thing. As these increases take place that you are talking about, sometimes, if you have quite a few people who are below a living wage or living in conditions—I won't mention poverty—if they are living in this kind of condition they also are slowing down the expansion of the economy.

Mr. MARTIN. I believe if you go back and look at the unemployment figures as issued by the Department of Labor over the last few years, you will very probably find there is unemployment among teenagers, and it has been increasing while we have had this legislation in the books. The unemployment rate in the last figures issued by the Department within 30 days or so, show that unemployment among teenagers is approximately 12 percent. These are primarily unskilled workers. By putting the minimum wage at a point that is not profitable for the employer, we are going to lessen the opportunity for these young people to get jobs and we are going to contribute further to the unemployment among teenagers. What we need here is more work and concentration in the field of vocational education and manpower retraining, to teach these unskilled new skills. We are not going to get at the real problem by increasing the minimum wage.

Mr. BELL. I think we have to recognize the fact that we had teenagers in the past as well as now and we had some dropout problems too. As I just read to you. FLSA did not adversely affect unemployment, it increased employment. All the past changes in the minimum wage have had the effect of increasing employment. So it just is not true. Such programs as you mentioned, manpower development, retraining are good, and I think they are helping to some extent along with industry, to educate these young people. I do not think increasing the minimum wage for teenagers is going to affect their opportunity of receiving jobs over the broad area of the country. And I want also to note that 75 percent of the minimum wage can be paid to a teenager under 21 for the first 6 weeks of his employment.

Mr. MARTIN. Eighty-five?

Mr. BELL. Seventy-five percent. So for 6 weeks of training employers can employ teenagers below the minimum wage, which I think is one point that helps the bill.

He gets this training of 6 weeks and as he passes the 6 weeks he gets the minimum wage. But he is at least partially trained.

Mr. MARTIN. Is it not true that the total amount of labor available in this country today is decreased over when these hearings were held almost a year ago?

Mr. BELL. You mean total unemployment level?

Mr. MARTIN. Total labor force available. We have had a change in the situation today from what we had when we held hearings last year.

Mr. BELL. We had some changes with the military activities in Vietnam, which has changed the situation somewhat as far as labor. I suppose the draft and other elements are picking up some of these younger people.

Mr. MARTIN. There is a great change in the labor situation. Let me give you one example. This happened to be on Huntley-Brinkley last night. They showed an ordnance plant out in Nebraska, in my district, making 500-pound bombs that switched over to 1,000-pound bombs because of an alleged shortage in Vietnam. When it was announced last fall that the ordnance plant would reopen the schedule at that time was that it would have 2,100 employees by the 1st of April and all 3 lines in operation. Well, it has only about 800-and-some-odd employees at the present time and only has 1 line in operation. The reason is that the labor is not available in the area. We have a tremendous labor shortage, and are behind schedule according to what was planned last year.

Mr. BELL. I am not arguing this in some areas. Certainly we have a labor shortage, but skilled labor is what the shortage is in and there is some shortage of labor in some areas. We have an unemployment rate of 3.8 percent.

Mr. MARTIN. The point that I am leading up to is that we did not have any further hearings this year in regard to this legislation. All the hearings were held last summer and we have had a change in our situation as far as labor is concerned in this country. I think it would have been wise to go into additional hearings before it was reported because a different bill has been reported out.

Mr. BELL. As the gentleman knows, I certainly would not have objected to that. I think I requested that and I think I have a letter that I wrote the chairman requesting that we have additional hearings. However, I think the bill we have now is a much better bill and a much sounded bill in view of some of the circumstances, some of which you are mentioning. I am in favor of it.

Mr. MARTIN. Under this legislation, hotels, motels, and restaurants are exempt from overtime. But hospitals are not exempt from overtime. Can you give me the reason why you set it up in this manner?

Mr. BELL. The reason behind that is based on the fact that hospitals are more of a regulated type of business. As you know, when you go out to dinner somewhere, sometimes you do not always eat at the exact time and you delay the situation, and whereas hospitals and so forth, they are more of a regulated type of operation and restaurants and hotels—

Mr. MARTIN. How can a hospital control when patients come in? They may have an accident on the highway and be brought in an hour from now.

Mr. BELL. I do not think you can compare hospitals which are more of a regulated nature with the restaurants and so forth. I think they are a little bit different operation.

Mr. MARTIN. Hospitals have to adjust to when their patients come in and take care of them when they come in on an emergency basis.

Mr. BELL. You have different shifts and different programs. All businesses have to adjust to certain types of problems. All businesses

have to do that. Regulated or not regulated they have to do that. But restaurant business is of a different type. It is not similar to the type of regulated, organized business that the hospital is.

Mr. MARTIN. Do you feel it is justified to require hospitals to pay overtime?

Mr. BELL. Yes; I do.

Mr. MARTIN. Sorry I cannot agree with you on that. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Bolling?

Mr. BOLLING. No question.

The CHAIRMAN. Mr. Quillen?

Mr. QUILLEN. Mr. Chairman, Mr. Bell, I notice in this bill the exemption is reduced on canneries to one 14-week period, 48 hours a week, 10 hours a day. Under the existing law the canneries' exemption is two 14-week periods.

Mr. BELL. 28 weeks.

Mr. QUILLEN. One unlimited and the other 56. In my area that is going to do great violence and damage to the green bean industry and other perishable commodities. You have a similar situation in California.

Mr. BELL. No, we do not. California has a 48-hour, 14-week situation, 10 hours a day under State law. So actually 56 weeks, 28 and 28 weeks, 56 hours would actually be, you might say, could even be damaging to California because it would be this way.

Mr. QUILLEN. I know—

Mr. BELL. Can I comment here a little bit? We had considerable testimony on this problem that you brought out, and it was indicated time and again that there is a considerable amount of automation that has gone into these canneries and to such an extent that they can do a tremendous amount of work now that they do not have to pay people overtime in a lot of work.

Mr. QUILLEN. That might exist in some areas where there are large canneries but in my area it does not exist. It would do violence—

Mr. BELL. The testimony, and I wish I had it here to read it to you, shows some indication that even in the smaller industries a lot of these were changing to automatic type of work. We got down to a few areas where there was any problem relative to highly perishable products.

Mr. QUILLEN. The purpose of this bill is not to do violence but to help.

Mr. BELL. And I do not believe it is doing violence. The testimony would indicate 14 weeks and I was one of those on the committee who tried to eliminate it entirely. Myself and Mr. Meeds were one of those who kept the 14 in. The interest at that time was to reduce it. I felt there was enough reason to keep the 14 weeks in. The testimony would indicate that there was a lot of question as to whether even the 14 weeks were desirable.

Mr. QUILLEN. It would do violence in my area.

Mr. BELL. I certainly hope it would not. Every witness indicated that it would do violence—but as we broke down the testimony and heard more testimony, it became evident that a lot of the violence that they were talking about was in their imagination and I think if you question your people very closely on it with some factual matters that I would be very glad to give you at a later date. You will find that the violence was a little bit exaggerated.

Mr. QUILLEN. We have one of the largest green bean producing counties in the United States in my district. We just do not have the transportation to take those beans to the market. They have to be canned when they are in season. That is what I am talking about.

Mr. BELL. You still have your 14-week period.

Mr. QUILLEN. Ten hours a day, 48 hours a week is not much help.

Mr. BELL. They have beans in California.

Mr. QUILLEN. But you do not have as many hills as we have.

Mr. BELL. They have been able to live with it and there has not been a big change in large versus small.

Mr. QUILLEN. One other thing, Mr. Bell. This has concerned me ever since these hearings started. We are deeply concerned about people having the right to live in a free enterprise system. Did you know now that we are drafting young men and sending them into Vietnam facing enemy fire and paying them \$94 a month? Yet the argument here is that we want people to make \$1 an hour as a minimum in some industries and then on up to \$1.60; but here are young men drafted to serve their country and some of them come back in caskets, draped with the red, white, and blue flag.

Mr. BELL. Of course, it is awfully difficult to argue against trying to help any of our soldiers in Vietnam. But I think you cannot very well adjust the salary situation of our soldiers with all the other opportunities for purchasing of goods and so on.

Mr. QUILLEN. They have to live.

Mr. BELL. It is a little difficult in trying to discuss the soldiers in Vietnam.

Mr. QUILLEN. It is the soldier anywhere.

Mr. BELL. It is a difficult comparison and I do not think a very accurate one.

Mr. MADDEN. Would you yield there? These soldiers I do not think are buying groceries and paying rent for families, either.

Mr. BELL. That is exactly what I was thinking of.

Mr. QUILLEN. You mean their families do not eat?

Mr. MADDEN. The soldiers are not paying for their meals and buying meals for families and clothing children going to school on \$94 a month.

Mr. SMITH. Why are they not?

Mr. QUILLEN. I served in the Navy.

Mr. MADDEN. They are not taking very many fathers with families that are going to school, are they?

Mr. QUILLEN. They do in my district.

Mr. MADDEN. Fathers with families going to school?

Mr. QUILLEN. They are drafting them into the service. They do not make the minimum rate of \$1.40 per hour.

Mr. MADDEN. They are not supporting those families on \$94 a month over there in Vietnam.

Mr. QUILLEN. That is a basic salary; that is a private E-1 pay when they are drafted.

Mr. MADDEN. They are not supporting their families over in Vietnam. They get their lodging and meals.

Mr. QUILLEN. Sometimes they get killed, don't they?

Mr. MADDEN. That's right.

Mr. QUILLEN. I think if we are——

Mr. BELL. It is difficult, as Mr. Madden pointed out, to try to bring these two problems together and compare them.

Mr. QUILLEN. Our concern should be for all people without discrimination. A man gets just as hungry feeding his family if he works in a restaurant under \$250,000 volume as the man working in a restaurant with more than \$250,000 volume. So this bill is discriminatory.

Mr. BELL. I do not agree that it is discriminatory. You do have some restaurants that are not paying what they should be paying to their help.

Mr. QUILLEN. That family also has the same problem as those working in a restaurant doing over \$250,000 in volume.

Mr. BELL. Certainly they do. However I think that the amount of income that is coming in tips and so forth to a lot of employees in either type of category is significant. Many of them are being paid adequately through the tips.

Mr. QUILLEN. It just concerns me and I want to make it a point of record.

Mr. BELL. I appreciate it.

The CHAIRMAN. Mr. Sisk? Mr. O'Neill?

Mr. SISK. No questions.

Mr. O'NEILL. No questions.

The CHAIRMAN. Mr. Pepper?

Mr. PEPPER. Mr. Bell, in the course of the hearings that your committee had, did you have any witnesses appear before your committee to tell them about the disastrous effects upon our economy or any part of it because of the minimum wage law of 1938 or 1949 or 1961?

Mr. BELL. No we did not.

Mr. PEPPER. I think it is interesting that we have had already three of these minimum wage bills, and I am pretty familiar with two of them—the one in 1949 I handled in the Senate and I knew personally about the opposition to the 1938 bill and the 1949 bill. Conscientious people came before our Committee on Education and Labor in the Senate and pleaded against those bills and pointed out the unfavorable and, in some instances, grossly detrimental effect that those bills would have if they became law. I am interested that I never heard very much from those who inferred that these bills would have that effect. I thought it might be relevant here.

Mr. BELL. It certainly was and testimony did come out from different departments of Government, and they confirmed what you are saying.

Mr. PEPPER. Is it not a fact, Mr. Bell, that this is simply one of the prongs of the attack upon the problem of trying to make it possible for the people in the lower income levels to live a little better. Another one is the antipoverty program, and we are approaching it from that point of view. Still another one is the retraining and the various educational programs that we have tried to put into effect to enable people in the lowest income groups to help themselves, to get up to where they would be more desirable in the labor market and, therefore, could earn a more adequate income and live better and have greater purchasing power. So this is simply one of the approaches, is it not, that we are making in this overall attack?

Mr. BELL. Yes. And I would certainly say that one of the better approaches, although we must not again label this as a poverty act.

It is one of the better approaches because it does use the free enterprise system.

Mr. PEPPER. If this bill were not going to have the effect of raising a lot of minimum wages, a lot of people would not be objecting to it.

Now, just one other question. My attention has been called to the effects of this bill upon the sugarcane industry which is one of the important industries of my State. It is pointed out that the present law allows a total exemption during the processing season. In my State in the sugarcane industry it happens to be about 150 days. I think in Los Angeles it is about 100 days. Now, under the present law there is a total exemption from any overtime during the whole of the processing season, which is, as I say, in Florida about 150 days. Under this bill the processing season would be limited, I believe, to 14 weeks.

Mr. BELL. Fourteen weeks.

Mr. PEPPER. And then beyond the 14 weeks the ordinary minimum overtime provision would apply. And within the 14 weeks then, the overtime in excess of 10 hours a day.

Mr. BELL. Forty-eight hours.

Mr. PEPPER. And overtime in excess of 48 hours a week. Now, if we report this bill, I take it your committee is not opposing an open rule?

Mr. BELL. I am not, no.

Mr. PEPPER. If we report out an open rule there would be an opportunity for amendment. Some people point out that the smaller processors may be subjected to a considerable burden. I guess your committee heard testimony on that, or gave consideration to that question?

Mr. BELL. Yes, I think I just discussed it a minute ago, and the facts were brought out. I cannot remember the names of the people in the testimony, but it was brought out pretty clear, Senator, that over a period of time that 48 hours, 14 weeks and 10 hours a day was the very most that the operators in this type of industry should have and the terrible rack and ruin it would bring to them was blown up out of proportion. There has been a tremendous change in the canneries, going more to automation where less people are needed and there are different types of freezing methods and so forth that have been developed. So this really is not the problem that we thought it was. As a matter of fact, as I said earlier, the committee wanted to eliminate all of it and it was my amendment actually.

Mr. PEPPER. I want to commend the gentleman upon his excellent statement. Thank you, Mr. Chairman.

The CHAIRMAN. You were talking about sugar. I want to talk about agriculture a little bit before we get through with you, you know. Senator Pepper has referred to all the wage and hour bills that have been passed in the past. But this, to my recollection—and I followed the subject very closely—is the first time we have ever undertaken to blanket farmers in this straightjacket of wages and hours.

Mr. BELL. Mr. Chairman, may I interrupt you? When you say to blanket farmers, you blanket 1.6 percent of all the farms.

The CHAIRMAN. That's statistics and statistics do not always work out. But I am not going into that because I want to do it later and more elaborately.

The Senator was talking about the sugar situation. Now, after hearing the testimony of Mr. Dent, a gentleman connected with the

sugarcane industry wrote me a letter in which he says the time of exemption, as far as it applied to Los Angeles and the Senator's State of Florida, would be far short of giving them enough time for the harvest season and the processing season of the sugarcane. In other words, from what he says, it takes 150 days in Florida and 100 days in Los Angeles. That exemption is given them and, as far as time to be exempt from the act is concerned, Florida would lose all of its exemptions for a period of 2 to 60 days. That is 7 to 9 weeks.

Now what have you got to say about that?

Mr. BELL. Mr. Chairman, I want to hear Chairman Dent's testimony in this.

The CHAIRMAN. You will find it in the printed testimony.

Mr. BELL. First you must recognize that the 1.6 percent of the farms involved does not take in a great many farms that would be involved under this minimum wage. So you are talking about a relatively small number and under the 500 man-day arrangement as far as employment is concerned, you are talking about at least seven men before the farm comes under it. And I know from a little bit of experience in farming that a seven-man farm is a pretty sizable farm. Now, also, as you will note in the bill there are certain exemptions for people that work 13 weeks or less on a farm and live in the neighborhood and commute. So they are protected under that. In the particular situation you are mentioning, I do not know the area you are talking about.

The CHAIRMAN. Is not that really the trouble, that we do not know all of the circumstances in all of the varied areas of this country, and it is complicated.

Mr. BELL. I do not think this is exactly accurate, sir. You have some facts and figures that we have received from both the Agriculture Department and the Labor Department and they have taken a pretty large study of the whole Nation and so I still say that under the 500-man-day situation you are not really talking about many farms.

The CHAIRMAN. Maybe I am not, but it hurts those little fellows just as bad as somebody else.

Mr. BELL. They are not very little.

The CHAIRMAN. I would like to go into that with you later on the question of other farm industries. But I was trying to confine this particular phase to the sugar industry because of this letter that I received from a gentleman who evidently is in the business and must be very knowledgeable on the subject.

From a practical standpoint now, you get all these statistics and you apply them in a blanket form so that you finally succeed in compressing the whole industry of any line into a straitjacket. The same rules apply to everybody and you cannot make that work because you do an injustice to a great many people by putting them in a straitjacket with the people who operate in a different way.

I call that to your attention now in case you might want to clarify it later on.

Mr. SISK. Mr. Chairman, would you yield to me just a moment on the sugarcane question? I do this just to ask a question. Now, under the Sugar Act, sugar workers, workers employed by producers of our sugar are already covered.

The CHAIRMAN. Yes.

Mr. SISK. Which is, as I understand it, at a higher rate than what this bill would bring them in under, is not that correct?

The CHAIRMAN. That is my understanding. So you see, you place them in two straitjackets, if such a thing is possible. They will have to keep records and report to the Sugar Act authorities and then they will have to report to the Wage and Hour Division of the Labor Department. So you have the hog tied two ways.

Mr. SISK. Could I ask one further question on that while we are talking about sugar? With reference to the hours—the exemptions which the Senator discussed a moment ago—to what extent would it be different under that act than what it is at present under the Sugar Act itself as it pertains to the pay of labor and overtime provisions?

Mr. BELL. As I understand the Sugar Act, that involves refining, does it not?

Mr. SISK. If I understand it, it is the grower—even the employee on the farm who is actually handling the processing, the harvesting of the sugarbeets, for example.

Mr. BELL. From my understanding it would come under this act.

Mr. LATTA. Would the gentleman yield?

The CHAIRMAN. Go ahead, because I have to leave at 12 o'clock and I will not be able to complete this. I have an engagement at 12 o'clock and I am going to have to leave so I will defer that matter of the farm because that is quite serious in my area. Mr. Latta?

Mr. LATTA. I would like to go into this matter of sugarbeets. We raise sugarbeets in northwest Ohio. When people come in there to block the beets, they do it on an acre basis and I do not know of any regulations on these people.

Mr. SISK. Well—

Mr. LATTA. Why would they be different in California?

Mr. SISK. I know there was a recent development and the matter had to be decided by the NLRB, or whoever has jurisdiction over it, having to do with the fact that the sugarbeet growers were paying below, at least charged paying below, the minimum wage, and so as a result we had some hearings and, as I understand, the growers had to make up the difference, or at least make a determination, and here again I am not too knowledgeable. I would have to ask for more information on it. But it is my understanding that all workers on the sugarbeet farms were covered under the law that pertains to minimum wage for sugarbeet workers. I may be in error, but that was my understanding.

Mr. LATTA. So many dollars for blocking and so many dollars for loaning and so on.

Mr. BELL. My understanding is that in Ohio the Secretary sets the rates and they are already what the bill would provide.

Mr. LATTA. Are they paid on an acreage basis?

Mr. BELL. The hourly earnings are set higher than what we are proposing here.

Mr. LATTA. The way it works out the Secretary's regulations pay more.

Mr. BELL. The way it works out they are paid more.

Mr. LATTA. I have some questions on another item.

Mr. MARTIN. If the gentleman will yield for a moment on one point. This was brought out when Mr. Dent testified. The Secretary of Labor, for instance, in the sugarbeet field had set what he considered

the minimum wage which had to be offered by the sugarbeet operators in order to secure employment. Then, if they could not secure sufficient help he would consent to hold hearings in regard to bringing in braceros from Mexico to work in the sugarbeet fields, a program such as we had up until about a year and a half ago when it expired. He did not have any authority to enforce that wage regulation. In California it was \$1.40. In Nebraska it was \$1.40. It was a figure the Secretary determined. But growers had to offer that much before he would consider bringing in braceros to work in the sugarbeet fields if there still was a shortage. But he did not have any power to enforce \$1.40.

Mr. BELL. But the result has been in California that they are paying pretty close to this rate.

Mr. MARTIN. They had to offer the \$1.40 in the sugarbeet fields.

The CHAIRMAN. Gentlemen, we are being pressed for some other legislation in the Aeronautic and Space Administration. They are very anxious to get it out. There is another bill from the Judiciary Committee and we have to get some grist downstairs for next week.

Mr. MADDEN. Mr. Chairman, if grist is what they want we have it right here. Let's report this bill out. I think we have covered about everything.

The CHAIRMAN. I doubt whether it can be reported out in the absence of certain members.

Mr. MADDEN. There are about 420 other Members downstairs who would just like to get an opportunity to debate and vote on this.

Mr. SMITH. Would you like to vote on it today?

Mr. MADDEN. I certainly would. We have been here 3 weeks now.

The CHAIRMAN. If you will make the motion we will see what the fate of this bill is.

Mr. BOLLING. I will pay for the psychiatrist's bill after he does it.

The CHAIRMAN. We will meet tomorrow morning at 10:30. I will have to let you know later in the day whether we will proceed with it.

Mr. BELL. Do you want me to come back tomorrow?

The CHAIRMAN. I will let you know later in the day.

(Thereupon, at 12 o'clock noon, the committee recessed, to reconvene at 10:30 a.m., Wednesday, April 27, 1966.)





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